

Ola Electric files for IPO, a first by Indian EV firm

Eyes ₹5.5K cr via fresh equity issue; OFS of 95 mn shares on table

PEERZADA ABRAR

Bengaluru, 22 December

The Indian entrepreneurship success story will soon see one more company debuting on the public markets. Ola Electric, the electric vehicle (EV) company, has become the first such firm that has filed its draft red herring prospectus (DRHP) with the Securities and Exchange Board of India for its initial public offering (IPO).

This is a fresh issue of equity shares of up to ₹5,500 crore and an offer for sale (OFS) of more than 95 million equity shares at a face value of ₹10.

Ola Electric's issue size is bigger than the IPOs that hit the markets in 2023. The biggest this year was that of Mankind Pharma, which raised ₹4,326 crore. Earlier, the Life Insurance Corporation raised over ₹5,500 crore, ringing up ₹20,557 crore; it was listed on May 17 last year.

Ola's founder and chief executive officer, Bhavish Aggarwal, will sell up to 47.4 million shares in the IPO. The other selling shareholders include Indus Trust, Alpine Opportunity Fund, DIG Investment, Internet Fund III (Tiger Global), MacRitchie Investments, Matrix Partners, SoftBank Vision Fund, Alpha Wave Ventures and Tekne Private Ventures.

Turn to Page 3 ▶



CHARGING UP

95,191,195

equity shares at a face value of ₹10 each to be on the block via OFS

23 million

shares to be offloaded by SoftBank Vision Fund

47.4 million

shares Bhavish Aggarwal, founder and CEO, to sell

Other selling shareholders include Indus Trust, Alpha Wave Ventures, Alpine Opportunity Fund, DIG Investment, Internet Fund III (Tiger Global), MacRitchie Investments, Matrix Partners, and Tekne Private Ventures

▶ Part of proceeds from the IPO to be used for Ola Gigafactory project, R&D

\$5.5 billion
current valuation
of Ola Electric

₹2,630.93 crore revenue
from operations in FY23, up
from ₹373.42 crore in FY22

₹1,242.75 crore
revenue from
operations until Q1FY24

₹1,472 crore net loss in FY23 versus ₹784.1 crore in FY22

▶ FROM PAGE 1

Ola Electric..

The IPO is unique for a few reasons. This will be the first in decades since a two-wheeler manufacturer hit the public markets.

This is the first issue by an automaker in the country in more than 20 years.

Ola Electric, which made its foray into the EV segment in 2017, has a 32 per cent market share and is a leading player. It is giving tough competition to older players.

The IPO comes at a time when the company has reduced its sales goals for 2023-25 by more than half and delayed its target of achieving profits by a year, according to a Reuters report earlier this month.

According to the DRHP, the proceeds from the fresh issue will be used for capital

expenditure to be incurred by the subsidiary, OCT, for the Ola Gigafactory project.

It will use the investment in research and product development.

Aggarwal, who is compared to Elon Musk, has famously said he intended to end the ICE (internal combustion engine) age with EVs.

His ambition does not end with manufacturing just an EV two-wheeler. He has hinted at launching four-wheelers. Ola Electric, which was last valued at \$5.5 billion, is building vertically integrated technologies and manufacturing capabilities for EVs and core EV components, including cells. It manufactures EVs and core EV components such as battery packs and motors at Ola Futurefactory, at its manufacturing facility in Krishnagiri.

The Ola Futurefactory is the largest integrated and automated electric two-

wheeler-manufacturing plant in India based on production capacity, as of September 30, 2023, according to the Redseer Report. The company is in the process of building an EV hub in Krishnagiri and Dharmapuri districts, Tamil Nadu. That includes the Ola Futurefactory and the upcoming Ola Gigafactory.

For the financial year 2022-23, revenue from operations increased more than seven times to ₹2,630.93 crore as against ₹373.42 crore a year earlier.

For the three months ended June 30, 2023, revenue from operations stood at ₹1,242.75 crore.

The company has also been approved for India's production-linked schemes — one relating to manufacturing advanced automotive technology products and another on advanced cell chemistry batteries.